

PUBLIC UTILITY DISTRICT NO. 1 OF CLARK COUNTY
DBA CLARK PUBLIC UTILITIES
Clark County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. Clark Public Utility District (PUD) Should Improve The Administration Of Its Contracts

During our audit of the PUD's administration of contracts for the period 1994 through 1995, we discovered the following internal control weaknesses:

- **Contract Splitting)** In December 1991, the board of commissioners passed a resolution giving the general manager authority to approve contracts up to \$25,000 without prior consent of the board. We found several cases where \$50,000 to \$100,000 projects were split into multiple \$25,000 contracts. As a result of splitting the projects into multiple contracts, the PUD loses oversight and approval of large professional service contracts.

Resolution 4671 of December 1991 states in part:

Any professional services contract, the cost of which exceeds \$25,000, shall require Commission approval prior to execution.

- **Payments Exceeded Contract Authorizations)** As evidenced in the attached contract schedule, our review found six instances of contractor invoices exceeding the amount authorized in the contract. These amounts were paid by the PUD under subsequent contract numbers which had not been fully expended.
- **Payments Without A Contract)** Between December 1995 and April 1996, the PUD paid JD White Company a total of \$76,437 for the River Road Generating Project on an in-house purchase order, without having entered into a contract for the project.

RCW 54.04.070 states in part:

Any work ordered by a district commission, the estimated cost of which is in excess of ten thousand dollars exclusive of sales tax, shall be by contract

- **Payments On Expired Contracts)** Payments were made for services performed after the contract expiration date on six of the eight Lance Kubo contracts reviewed.

The effectiveness of expenditure controls provided by written agreements is lost when

contract payments are not specifically applied to the correct contract agreements, when there is no written contract, or when other terms are not followed.

We recommend that the PUD improve its monitoring and administration of contracts to eliminate the weaknesses cited above.